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Major News Releases and Speeches

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Remarks

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Prepared for delivery by Secretary of Agriculture John R. Block before the National Association of Conservation Districts Board of Directors meeting, Washington, D.C., March 21.

I certainly appreciate this opportunity to meet with you again. A lot has transpired in agriculture—and conservation—since I last met with this board during your convention in Phoenix a year ago.

First, the "RCA" program was completed and sent to Congress by the president—along with a strong message of support for conservation.

Second, we unveiled the PIK program—which incorporates major conservation benefits into a self-help plan to reduce excess crop supplies.

Third, we are witnessing a quiet revolution spreading among farmers—who are switching to conservation tillage and other soil-conserving practices.

Fourth, there are signs of growing acceptance—at least in limited circumstances—of the concept of cross-compliance. Support for the Armstrong bill to discourage grassland plowouts is an example.

Fifth, a growing chorus of concern about soil erosion and water management is being orchestrated in the nation's news media. The most recent example was the network television news broadcast—which alleged that no strategy exists for addressing the threat to our nation's soil and water resources.

Admittedly, I was disappointed by the superficial reporting in that broadcast. For one thing, I felt—as did many others—that the efforts of thousands of dedicated farmers and conservationists like yourselves had been grossly under-rated and under-stated.

What also bothers me is the impact of such inaccurate reporting in other areas. I've been told, for example, that Japanese farm groups are exploiting the "gloom-and-doom" forecasts about U.S. soil erosion.

They had this network broadcast shown on their own television. They're telling their countrymen, "you can't rely upon American farm productivity, because they won't have any soil left by the year 2000."

But now is not the time to quibble about one short television newscast. We have a bigger job to do and we need to put aside our parochial feelings so we can tackle, together, the tougher challenges that lie ahead.

Let me take a few moments to put the issues into perspective.

Over the years, thousands of farmers like you and I have terraced the hillsides, installed the waterways and planted the windbreaks. Yet, despite those efforts, erosion persists.

You know it, and I know it!

It doesn't take a sensationalized newscast to identify the problems.

Economic and political conditions have turned the screws on farmers. In a battle for survival, many have turned to continuous row cropping on marginal acres. And as you and I know, when they plowed those grasslands and hillsides into neat furrows, they issued an open invitation to further erosion.

In the U.S. Department of Agriculture, we have some 27 conservation programs involving research, education, technical assistance, cost-sharing and loans. These programs are administered by eight different agencies.

Some of these programs have been extremely popular with farmers and ranchers. Yet, too often, they have not clearly addressed our most critical soil and water resource problems.

Thus, after nearly half a century of federal conservation assistance, a substantial number of farmers have applied little or no conservation measures to their own land.

Some say more federal money is the answer. Your association has held that view for many years and I realize that we hold different points of view on this score.

At the same time, I believe we must realize that federal programs are only one part of the solution. The amount of federal tax money spent on conservation is only one of many factors.

Stewardship of the land is still the primary responsibility of the individual landowner.

The role of the federal government is limited right now by our nation's economic conditions. The changes we intend to make in our USDA programs, as a result, are designed to make the best use of the scarce funding available.

This means individual landowners must be willing to cooperate, and I believe they are. Look, for example, at the results being achieved through conservation tillage.

NACD is also due a great deal of credit for its leadership in promoting this technology. I want you to know that we do appreciate your efforts. I am especially grateful for the leadership you have taken in implementing the Conservation Tillage Information Center.

It's been a real team effort—between your association, the agribusiness community and USDA. We want to help you all we can. That's why we are donating the people you have requested from both SCS and Extension.

We've got a big job to do. I've found from my own farming operations that conservation tillage is sensible and economical. It saves oil. It saves toil. And it saves soil!

Over the past decade, a lot of other farmers have learned the same lesson. For instance, only 3.2 million acres were being farmed under conservation tillage in 1973. That's less than one percent of the nation's cropland.

Today, some 110 million acres are being farmed under some form of conservation tillage. That's over 25 percent of our cropland.

There's another advantage to conservation tillage. It gets the job done for a lot less money.

The facts are that it would cost USDA some $21 billion just to cost-share the construction of terraces on all the "problem" acres. That's based upon spending $150 for each of the 140 million acres that erode at a rate of more than 5 tons-per-acre-per-year.

That's why some form of conservation tillage makes sense to farmers. It's a tool that's cost effective. And farmers, these days, certainly need as many cost-effective tools as they can handle.

It makes sense to us, too. It's right in line with the goals of the RCA program.

Our first priority under RCA will be to reduce excessive soil erosion on crop, range, pasture and forest lands.

Our second priority is twofold: (1) to conserve water used in agriculture in the arid lands of the West, and (2) reduce flood damage in upstream areas in the wetter sections of the country.

These priorities will dominate our efforts and our funding.

At the same time, we recognize the need for flexibility in different regions of the country. So, we will continue to provide USDA assistance to state and local governments in their attack on other problems.

We call the latter our "concerns"—to distinguish them from our "priorities. They cover:

— improving range, pasture and forest land;

— improving water quality;

— managing organic wastes from livestock;

— conserving and developing natural resources by urban areas and rural communities and,

— improving fish and wildlife habitats.

We are identifying priorities so that we can commit more resources to them. Thus, we will increase erosion-reduction funding from the 30.5 percent of all conservation funds in 1981, to 38 percent by 1987.

By the same token, our water conservation spending will go up from 10.7 percent in 1981 to 13 percent by 1987. Funds for reducing upstream flood damages will go from 13.1 percent in 1981 to 16 percent by 1987.

Setting priorities and attaching funds to them is only part of the picture. Over the years, we have spread our conservation assistance fairly evenly across the nation.

But, we all know that 89 percent of the sheet and rill erosion occurs on only 10 percent of the land. That's clear evidence that something else is needed.

That means targeting a certain proportion of our funds into designated areas where persistent and critical erosion threatens long-term productivity.

Targeting is designed to accelerate conservation efforts. This year, USDA will devote over $31 million to target areas—nearly double what was spent last year.

By 1987, 25 percent of the technical and financial assistance budgeted through SCS and ASCS will go into targeted areas.

Now, I recognize that NACD has voiced a great deal of concern about targeting. And I recognize your feelings that you'd rather have

target funds come from new appropriations—instead of using existing money.

I assure you—your message came through loud and clear from your convention in New Orleans. But, that's just not in the cards right now.

Will targeting work? Of course it will.

Judging from the data I've seen on the 132 counties where we targeted funds in 1982, we saved an estimated 3.5 million tons of soil above what would have been saved from "conventional" efforts.

That tells me targeting pays dividends and that it's long overdue.

Another key feature of RCA is our plan to make grants to conservation districts. We requested $10 million for these grants in our fiscal 1983 budget—but Congress rejected the idea.

There is no funding for these grants in our 1984 budget. But rest assured that we will continue to press for them in the future.

I am greatly encouraged by the fact that state and local government agencies across the nation have budgeted a record $185.6 million for soil and water conservation in fiscal 1983—in spite of lean budgets. That's an increase of nearly $16 million over fiscal 1982.

That includes soil conservation districts. And, it tells me that state and local officials can and will respond when the need is clearly identified.

Finally, let me emphasize that we have taken steps to improve our management of conservation programs within USDA.

We are putting conservation into the eligibility requirements for certain Farmers Home Administration loans. An applicant for a farm ownership or soil and water loan will need to have a sound conservation plan.

I am fully aware this introduces cross-compliance into the program. But cross-compliance is rapidly becoming more acceptable to the majority of people. Your organization, I understand, passed a resolution supporting cross-compliance at your New Orleans convention.

There are ways that cross-compliance can be used effectively—as in Sen. Armstrong's "sodbuster" bill. I know that you have put NACD squarely behind this bill—and we in this administration are solidly with you.

In closing, I want to reemphasize we have a good program. I look forward to working with you to implement it.

As a start in that direction, I will be scheduling a session this summer with your leaders—and others across the whole spectrum of agriculture—for an intensive roundtable discussion that will include soil and water conservation problems.

We're going to do what no previous administration has done—because we have a solid plan of attack in RCA.

We have a strong conservation component in the PIK program.

We have our whole USDA pulling together in the same direction.

And, we have the farmers of this country steadily coming around to conservation tillage and other techniques.

So, I'm asking for your help and your cooperation.

If we all pull together, we'll see a real revolution in this nation, to conserve our soil and water resources. Let's do it together.

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Remarks prepared for delivery by Secretary of Agriculture John R. Block before the Outlook for World Grains Conference, London, England, March 23.

We celebrated Agriculture Day in the United States Monday—the first day of spring and a day proclaimed by the president and designated by the Congress to recognize agriculture's contributions to life in our country and the world.

We had a special ceremony at the U.S. Department of Agriculture, at which President Reagan spoke, and there were special observances around the country and at some of our foreign posts.

I mention this because the theme for this special day was "The Food Chain: A Human Chain," and that is worth thinking about as we discuss the outlook for world grains.

The outlook for grains is ultimately the outlook for people—from the world's farmers who produce the grain to the billions of people at the end of the chain who depend on grain as their basic food, in whatever form it is consumed.

For centuries this food chain was short, a local affair. Farmers produced for themselves and their families and perhaps a few

neighbors. Whole populations farmed for survival. When the United States was founded not much more than 200 years ago, 90 percent of its people were farmers.

Human energy, and for a fortunate few the ox, supplied the power to till the soil and plant and harvest until the middle of the 19th century when machines were invented to ease the farmer's burden.

The invention of the threshing machine and the mechanical reaper, pulled by horses instead of by humans, marked the beginning of an American agricultural revolution that changed agriculture forever.

In the space of a little more than 150 years, stimulated by food needs of two great wars, tractors displaced horses and mules on the farm, combines replaced reapers; chemical fertilizers, weed killers and hybrid seeds reduced labor and increased yields.

Away from the grain fields, farmers applied the techniques of industry to the production of poultry and livestock. Single enterprises produced chickens by the millions and swine and beef cattle by the thousands.

Computer technology began to play an increasing part in farming decisions, and today one American farmer produces enough food to feed 80 people. A century ago, that farmer could feed seven, and just 10 years ago 47.

Similar changes have been taking place elsewhere in the developed world and to one degree or another much of the developing world. And today, the developed world can produce much more than it can consume.

This increasing ability of one farmer to feed more than just his or her neighbor changed the face of society. It provided the work force for the factories and shops of the industrial revolution, and it freed men and women to teach, to study, to build, to heal and to invent, rather than to plant, cultivate and harvest.

And it changed the nature of the food chain—from one of farmers and neighbors into one of farmers linked in a complex chain of suppliers, lenders, processors, shippers, governments and consumers that stretches around the globe.

As the farmers productive capacity has grown, the world's interdependence for food has grown. There has been an explosion in

world commodity trade since 1970—the volume of world trade in grains alone has increased by more than 100 million tons.

No nation today is completely self-sufficient in meeting its food needs. For some, food imports are a matter of survival, for others they are necessary to maintain accepted dietary standards, but all depend on others for food to one extent or another.

So the world outlook for grains in a relatively few years has become important for everyone, not just farmers and traders. It is truly a global matter.

This conference comes at an opportune time, a time when we are confronted with a very serious global imbalance in the supply of and demand for grain.

Agriculture's productive ability has created an over-abundance of grain, and we can't seem to agree on what to do about it. How we deal with it has profound implications. The course that is taken will affect the future pattern of agriculture and of grain trade, certainly; but it will have important implications for trade in other commodities, and, perhaps most important of all, it will bear on what and how much the world's people will eat in generations to come.

The world's grain economy today consists of a collection of discrete domestic grain economies, each having an impact on producers and consumers in other countries. Because the world is interdependent for food, farm policy in Country A affects countries B, C and D, and could ripple through the entire alphabet.

Somehow, we need to make the transition in farm production and marketing from a local focus to the reality of a truly global grain economy.

All of us share the same goals for our farmers—a stable income with a fair return for their labor and investment. We share the desire for an assured, dependable food supply for our citizens, and that is achieved as efficiently as possible.

We have gone separate ways in trying to reach these goals because we live in differing circumstances.

In Japan, for example, where arable land is limited, the policy is to get a certain degree of self-sufficiency by maintaining farm income at levels equal to those of urban workers and to develop reliable sources of food supplies from exporting countries.

To get the most from its limited land resources, Japan imports the raw materials it needs to maintain a largely specialized, small-scale agriculture, which is supported by internal price and supply stabilization programs and a system of import restrictions.

The European Community established a Common Agricultural Policy for farmers in its member states. The CAP provides farmers with high price supports which are protected for the most part by variable import levies.

Under the CAP, the community has more than achieved self sufficiency. Once a net importer, the community today is at or near the top as the world's supplier of several commodities, among them wheat, dairy products, poultry, sugar and beef.

The United States, more fortunate than most, is blessed with an abundance of agricultural land and a varied climate suitable for growing almost any crop.

Food self-sufficiency has not been a major concern since the first few hard years of the early settlers in the 17th century. Our agricultural abundance helped pay for the imports of industrial materials in our transition from an agrarian to an industrial society.

The agricultural problems of the 1930's led to the imposition of rigid controls on farming, and they remained in place for more than 30 years. But since the late 1960's, U.S. farmers have had increasing freedom to plant and market without government intervention.

With this new freedom, our farmers filled most of the dramatic increase in world demand of the 1970's, and today they depend on foreign markets for about one-fourth of their income. In the grain sector, more than half of their production of wheat and grain sorghum and a third of their corn moves into export.

They are market-oriented and globally-minded, and this is reflected in U.S. domestic farm policies as well as in our efforts to liberalize trade of agricultural products.

Farm price supports in the United States are set in most cases at prices that relate to the world market. They are designed not only to protect farmers against income disaster, but to take account of U.S. agriculture's need to be competitive in the world market.

Our policy is to store surpluses when production exceeds demand and, at the same time, to act to reduce production to bring it into line

with demand. We are doing this today, and doing it in a dramatic way, impelled to act forcefully by the record world production and burgeoning stocks that menace the grain economy.

It became apparent late in 1982 that our programs announced earlier in the year to reduce acreage of wheat and corn by 20 percent would not be enough in the face of projected world supplies. Incentives to take more land out of production were needed, so we put in place a program to give farmers grain from stocks for further reductions in acreage. It is a Payment-in-Kind in return for reduced production.

Wheat farmers who agreed to take part in the original 20 percent reduction can take out of production up to 30 percent more of their acreage and receive wheat equal to 95 percent of their historical production on the additional acreage removed. Corn farmers can do the same and receive 80 percent of their base production.

Participation levels were announced yesterday, and the figures clearly showed that American farmers want to be part of the solution.

The PIK program also was offered to producers of rice, cotton and grain sorghum. The figures now show that the reduction in planted area of those crops plus wheat and corn will total 82.3 million acres.

This represents a tremendous—and successful—effort on the part of the United States government and U.S. farmers to do their part to move the world grain economy toward the balance that is necessary for orderly trade based on the needs in the global food chain.

That is the U.S. contribution, and those are the domestic farm policies that we believe offer the best way to provide the most reliable U.S. food supplies based on a sound and growing, market-oriented farm policy.

Given the global nature of the food chain, everyone's farm policies affect everyone else, for better or for worse.

It is no secret that the community's policy of exporting the surplus production stimulated by the CAP at subsidized prices is of grave concern to the United States. We need to export a large part of our production. To do that, we must be competitive, and we can't compete with subsidized prices without taking special measures that lie outside our estabished policies in trade.

Japan, in our view, could import a number of agricultural products in far greater quantities than now, with benefits to Japanese consumers

as well as U.S. producers and no harm to Japanese farmers. Japan disagrees.

All of us find that the measures taken by the others to solve their own farm problems create new problems for others. We have been grappling with them unilaterally, bilaterally and multilaterally for years.

The principal focus for much of this time has been on import restrictions, shifting more recently to trade-distorting practices on the export side.

There have been a few successes over the years, but, if anything, the tendency seems to be growing to try to maintain high domestic farm prices by protecting against imports and, where necessary, exporting surpluses with massive export subsidies.

We have reached the point in international trade where one grain exporting country puts grain into the export market at less than half the price received by its producers.

Flour has been imported at prices as much as $50 per ton below the cost of imported wheat that would produce a ton of flour, and for the past year poultry has been selling in the Middle East at well below the cost of production in the exporting countries.

United States agriculture can tolerate some trade distortions. But world marketing conditions today pose a definite threat to the type of trade stability that can benefit all nations.

The question is, how long can we allow this to continue?

We need to decide, and decide soon, whether to recognize the global realities of agriculture—of the food chain on which we all depend. We need to decide whether to solve these problems, or whether to continue to talk about them with minimal results.

We don't have much time, because it is evident to researchers at the U.S. Department of Agriculture and in private and public institutions around the world that the food system is on the threshold of technological advances that will outstrip anything we have seen so far.

Our scientists tell me that genetic engineering has unfathomable possibilities to improve the production of crops and livestock.

On the horizon are new ways to prevent disease, to regulate growth and improve the physical and nutritional characteristics of both plants and animals; what once were weeds are now being processed into

sophisticated pharmaceuticals, waste products are animal feed, and, though it may be some years off, there is the prospect of producing corn that can fix its own nitrogen from the air.

Change also is occurring in methods of tillage, in the use of the land. There are vast acreages that are improperly utilized or under-utilized, and if world needs are great enough—and perhaps without regard to need—this land will certainly be coming into production.

Meanwhile, computer technology and innovations in transportation and communications are changing the food distribution system daily, and they are bringing the world outside the food system closer and closer together.

We are surrounded by change, change that was made possible by an agricultural revolution that is on the threshold of even greater change—yet those of us in agriculture are discussing issues that are decades old.

We treat the same old issues in the same old way—as if agriculture were an enterprise unique to its own locales. Agriculture is as much a global industry as steel, autos and other industrial undertakings. And if freer trade, less protectionism, and the rejection of export subsidies is right and correct for industrial trade in this small world, this modern day, the same should hold true for agricultural trade.

Why should agriculture be treated as something unique. Why should agriculture be afforded special prviileges and allowed to write its own rules. Why should agriculture live and function apart from the rules and order imposed on other industries with respect to world trade?

There is no justification for such privileged consideration. In the system of world trade, agriculture has come of age. It should be treated accordingly.

How much longer can we ignore this. For how long can we afford an agricultural system that produces for a global food chain on the basis of largely local concerns?

Our approaches to domestic farm policy differ, and they will continue to differ because our geography, populations and climates differ. But our needs are the same—a secure food supply and a fair return for our farmers, the first link in the global chain.

I would hope that soon—very soon—governments will begin to accommodate those needs—those local concerns—to the global nature of agriculture.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement by John W. Bode, deputy assistant secretary for food and consumer services, U.S. Department of Agriculture, before the House Agriculture Subcommittee on Domestic Marketing, Consumer Relations and Nutrition, March 22.

Mr. Chairman, members of the committee, it is my pleasure to address you this morning regarding H.R. 1590 entitled "The Emergency Food Assistance and Commodity Distribution Act of 1983. Before I address the specific provisions of this proposed legislation, I would like to take a few minutes to bring you up-to-date regarding the current status of our efforts to feed needy Americans and announce some new initiatives we are doing on our own. Then I will discuss the various provisions of H.R. 1590.

Current Feeding Programs

As you well know, the food stamp program is the primary vehicle through which we provide food assistance to low-income people throughout the nation. The food stamp program currently reaches 22 million people, nearly one American in ten, at a monthly cost of nearly $1 billion. The average food stamp recipient will receive monthly benefits of $42.67, compared to $35.35 in fiscal 1980. Total program costs have increased from $8.3 billion in 1980 to an estimated $12 billion this year.

The special supplemental food program for women, infants and children (WIC) also has been growing in recent years. Funding for the WIC program has grown from $712 million in Fiscal Year 1980 to $1,060 million this year. Our latest participation figures show that 2.4 million low-income women, infants and children are receiving benefits from this program. This represents a 20 percent increase in participation since last year. Participation in the commodity supplemental food program, which serves a population similar to WIC, has also grown significantly during the past year.

The child nutrition programs continue to meet the nutritional needs of children. On a daily basis, the school lunch program provides full

reimbursement for over 10 million meals each school day and provides partial support for meals served to 13 million other school children. The other child nutrition programs meet the nutritional needs of children in day care centers, in summer feeding sites and in the breakfast program. In total, the child nutrition programs will cost approximately $3.6 billion this year.

In addition, there are special programs, administered by the Department of Health and Human Services, designed to meet the special nutrition needs of the elderly. The U.S. Department of Agriculture provides commodity and cash support to these programs which provide nutritious meals to older Americans at congregate feeding locations and to those who are homebound.

While a substantial amount of food assistance is provided through cash subsidies, we also have a massive food distribution network. Last year, through our various outlets, we distributed over 1.8 billion pounds of food valued at over $1.4 billion. The commodities we provide are acquired under price-support activities and market interventions to remove surpluses. Also, some purchases are made strictly to meet preferences expressed by school food service officials.

These programs have successfully addressed poverty-related hunger in America. Through the various food assistance programs, we are subsidizing, either fully or in part, some 95 million meals per day.

There is a popular myth that the federal government is holding vast quantities of foods that could readily be turned over to poor people. In fact, most of the grain that we store is not available for distribution. There has been reference to 1.2 billion bushels of wheat in government programs. This amount is either committed for foreign donation, in farmer-owned reserve or under loan. Of the 185 million bushels of wheat the government owns, part is committed to the food security reserve to meet foreign food aid requirements security reserve to meet foreign food aid requirements and the rest will be utilized in the recent wheat flour sale to Egypt or commitments under the PIK program.

Except for process cheese, USDA owns no "table-ready" foods. All other commodities that we hold in uncommitted inventory are purchased and stored in raw form and require expense to process and package for distribution to the needy. We have taken steps with regard to dairy product distribution. Also, we are increasing donations of other

commodities to charitable institutions—soup kitchens, hospitals, correctional facilities, and other on-site feeding operations, including aid to some food banks.

The actions we take must also consider potential displacement of commercial sales. We should not distribute products to such an extent that we later purchase more of the same products under the price-support programs. The question we face today is how to expand our efforts to provide additional assistance to needy Americans and help alleviate these surplus situations. Let me describe what we plan to do to help this situation.

New Initiatives

First, we will extend and expand our successful cheese and butter distribution programs. We have already authorized for distribution 500 million pounds of cheese and 125 million pounds of butter. This equates to over 15 pounds of dairy products for every person below poverty in the United States. Because of great success of this program and the support it provides to the needy and elderly, we will go beyond the amounts currently authorized and extend the Dec. 31, 1983, deadline for new orders.

Second, we have pilot tested the distribution of nonfat milk in three states and Wayne County, Michigan. The purpose of the pilot was to assess the impact of distributing nonfat milk on commercial milk sales.

Preliminary results indicate that significant displacement of commercial sales has not occurred at tested distribution levels. Based on these results, we will expand nonfat dry milk distribution on a nationwide scale. We will begin taking orders in April for nationwide distribution over a three-month period, May to July. All available instantized milk will be allocated to the states. Primarily due to the required time for processing, this distribution will be phased in and available produce will be allocated to states.

Third, we will soon begin distribution of rice and corn meal. USDA owns significant amounts of both rice and corn which are unprocessed and as such are not suitable for household consumption. We have begun contracting for processing and repackaging of rice and corn. The specifics of this new effort will be announced shortly.

I would like to spend a few minutes discussing our current special dairy distribution program. Through tremendous cooperation of federal, state and local governments, food banks, charitable institutions and private companies, this program, which is barely a year old, has been a great success. When the program was initiated by President Reagan in December of 1981, we set a modest target of 30 million pounds of cheese for the entire nation. In the early months of the program, state and local governments were concerned about lack of federal funding for intrastate distribution and handling costs. As the program has become established, state governments and local distributors have developed a number of innovative ways to overcome what were first thought to be significant

- Grocers in Colorado and Illinois volunteered their cold storage and transporation facilities.
- National Guard units in New Jersey, New York and Mississippi have incorporated dairy deliveries into their training programs. In all, ten states are using the National Guard to help in the same manner.
- The Minnesota governor formed a committee, headed by a private corporation officer on loan to the state,to spearhead a successful statewide fund raising effort to underwrite local distribution costs.
- Labor unions in Iowa called out their members to staff local distribution centers and have helped Iowa lead the nation in per capita distribution of cheese and butter.

There are many more examples of innovative ways that states and local communities have found to put together successful distribution efforts at minimal costs. In all, 45 states have used some state funding to assist volunteer efforts.

Another important point is that on the average the federal government is absorbing approximately 97 percent of the cost of providing dairy products to needy individuals.

USDA purchases, processes, packages and distributes these products to convenient locations within each state, including drop-off shipments to small outlets in some sparsely populated areas. We have worked hard to establish and stock warehouse and delivery locations as specified by states. Through these efforts we have minimized state and local costs associated with the special dairy distribution. We are committed to

continue to work with states to minimize their costs by making our deliveries as close to the ultimate recipients as possible.

As the success of the special dairy distribution program points out, the funding of state and local distribution activities is not necessary to be effective in such an effort.

Though USDA is in general agreement with the goals of H.R. 1590, we oppose the bill because the additional authorities it provides are not needed. The present uses of existing USDA authorities are fully responsive to the real needs for distribution of surplus commodities.

H.R. 1590

Let me now review the major provisions of H.R. 1590 and summarize USDA's position on each.

1. The bill would require the donation of price support commodities to certain public and nonprofit organizations. The only prescribed upper limits of commodities to be so donated are either the total CCC inventory or some uncertain amount which might be requested and used without waste. All current authorities use by the secretary for donation appear to be superceded and the current beneficiaries of those donations are lumped together as a lesser priority of eligible recipient. The bill also loosens the terms of those recipients' eligibility by omitting the current limitations on support to charitable institutions. Their current support is determined on the basis of needy persons served. The bill creates a very loosely defined set of eligible recipients, an undefined limit on benefits, and charges the secretary with responsibility for keeping the donations from impacting food expenditures by recipients. The broad "entitlement" created by the bill is inconsistent with a direction that food expenditures not be reduced. The only circumstance in which the Secretary can obtain reasonable assurance that food expenditures would not be reduced is when he has discretion over what to donate and in what amounts. Under current circumstances, the only commodities we should be donating to the described "emergency recipients" are cheese, butter, nonfat dry milk, rice and corn meal. Also, we do not believe that traditional levels of support to current eligibles should be reduced by reason of such donations.

2. The bill establishes an entitlement which requires USDA to pay up to $10 million annually for processing costs ordered by eligible emergency recipients. We believe the secretary should have discretion in deciding what processing costs USDA should defray. The CCC already is absorbing substantial processing costs.
3. The bill would require the secretary to publish, by the beginning of each fiscal year during which the bill is in effect, an estimate of the quantities of commodities to become available for distribution in each of the next two fiscal years. It is not reasonable to assume that the secretary would be able to project for two years into the future just what commodities will be available. We prefer that this provision be deleted so that the secretary may alert states and recipient agencies on a timely basis as items become available.
4. The bill prohibits states from charging recipients and recipient agencies for costs related to commodity distribution, and requires USDA to advance or reimburse funds to states for a broad range of state and local costs. This provision would result in additional federal outlays of up to $65 million annually. We believe that this is an unnecessary federal expenditure. State and local governments and recipient agencies have been managing quite effectively using their own resources. As I mentioned earlier, all states have been successfully distributing butter and cheese without federal administrative funding. To provide such funding would serve to undermine state and local commitment to an efficient intrastate distribution effort. This provision would provide administrative funding for distribution of commodities to traditional outlets, such as schools and charitable institutions. These outlets, which account for the major share of our distribution activities, have long managed to make effective use of commodities without significant federal subsidies to defray intrastate distribution costs.

To summarize, the existing food assistance programs are effective in preventing poverty related hunger in the United States. Together with existing commodity distribution activities, these programs are the vehicle through which the federal government is spending more than ever before to meet America's food assistance needs.

The administration is moving to make appropriate commodities available in forms suitable for household distribution. Other steps that

would be taken by enactment of this legislation—creation of an entitlement status for certain organizations, federal funding for state and local distribution activities which are now underway, and establishment of entitlement type rights for certain processing activities—are unnecessary and expensive drains on the federal budget. Therefore, we do not support H.R. 1590.

I will be pleased to answer any questions that the committee members have.

#

News Conference

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Following are edited excerpts from Secretary Block's March 22 news conference on enrollment numbers for USDA's payment-in-kind (PIK) program.

Statement by Secretary Block: I believe today's announcement is going to be in many ways breathtaking for the agricultural industry.

As many of you are aware, setting land aside from production is not my cup of tea. Farmers are not comfortable in setting aside large acreages. We could have gone slowly and spent four or five years trying to dig our way out from under the mountains of surplus grain we now have. But farmers do not have four or five years.

Farmers enrolled 39.5 million acres (39 percent) of their corn and sorghum acreage in PIK, 32 million acres (35 percent) of their wheat acreage, 6.8 million acres (44 percent) of their upland cotton and 1.7 million acres (43 percent) of their rice.

I'd like to put these figures into perspective. We always get some slippage in acreage reduction programs. Producers naturally will be fertilizing a little heavier than they might otherwise. Some producers enrolled only in the basic program and could decide to drop out of the program before their compliance date. Those in the PIK program have no option. They are in the program and they will be participating.

Also, we'll probably see some increased plantings by those farmers who have chosen not to participate in the program or who did not have acreage bases. So the figures I've just given you reflect the maximum that will be taken out of production.

Farmers are production oriented, so I know that for many farmers, taking land out of production is not an easy decision. But it had to be done and farmers across the land realized it. I compliment the nation's farmers for their decision to participate and to be part of the solution.

We should not think of today's announcement as the end of our struggle. Much more must be accomplished before we're through addressing farm issues and farm problems. PIK will go a long way in moving agriculture toward renewed prosperity. But this program alone cannot do it all. This is why I will be calling a meeting of U.S.

agricultural leaders this June or July to talk about the future of this industry and focus on some other concerns. And we're going to try to look beyond PIK.

Question: Would you say this is the largest crop reduction program in history?
Answer: Yes.

Q. What is going to be the impact of this on farm prices and grocery prices?
A. It already has provided some strength to farm commodity prices. Some farm prices have risen as much as 25 percent since our lows of the fall.
A. be some transfer of some of these prices into the livestock sector, but in terms of grains, it's not going to make any difference.
Q. Will USDA have enough grain to run the program?
A. We are looking at the means of insuring that we have the grain to make available to producers in the program, including using some of the 1983 production, if that's what it takes to get the job done.
Q. Do you anticipate continuing PIK into the 1984 crop year?
A. We will evaluate that on a commodity-by-commodity basis. I would assume we might on some commodities. Certainly on others we may not.
Q. With 35 million combined acres of corn and sorghum coming out of production under PIK, you'll have to pay farmers almost 3 billion bushels of corn and sorhgum which would, for all practical purposes, wipe out the reserve. Are you comfortable with that?
A. We haven't computed that yet.
Q. Were you surprised at the size of the signup?
A. The signup was beyond my wildest expectations, especially for winter wheat.
Q. What impact will the signup have on outlays for price supports and other federal programs?
A. I can't give you those details because we originally estimated figures based on taking 23 million acres out of production, not the 82 announced today. We will have these figures later.

Q. What do you think the impact of PIK will be on the world economy?

A. I don't think there is any question that this program will stimulate prices and help improve the outlook in rural America.

There is a down side, however. Those companies that supply seed, chemicals and other inputs are not going to sell as much this year. But in the long run, health and prosperity in agriculture and in the farming industry is the basis for health and prosperity in rural America.

Q. Some Democrats charge this would be one of the most costly programs ever seen in agriculture if stretched out over two or three years. How do you respond?

A. The fact is, outlays are going to be reduced. We will see a reduction in government stocks. And we're going to see stronger prices, thus minimizing any deficiency payments.

Q. Does the success and response of PIK make you a little more inclined to go with supply management in the long run as the answer, instead of constantly fiddling with target prices and loan rates?

A. No it doesn't. But keep in mind agricultural policy is an evolutionary process. If we look back 20 years, we see a time when the government actually controlled what a farmer could plant and how much. We've moved away from that and we don't want to go back. Although, if the farm economy got desperate enough there could be a call for that kind of rigid control. A program like PIK can lessen that desperation and blunt any move toward absolute, rigid government control.

Q. The wheat signup in Illinois was only 53 percent while signup in North Dakota was 98 percent. How do you explain this discrepancy?

A. Illinois is not a major wheat producer. Most of the wheat grown there is fed to livestock, so producers are not inclined to take wheat out of production.

Q. Is there a danger that if we have a drought we would be caught in a very serious tight supply situation?

A. Our analysts have reviewed these figures very carefully. If there is undesirable weather, not only in the U.S. but also in other countries, we still will have a margin of error to protect us. We know we can have this kind of an acreage reduction and still not expect to be in a position where there will be any shortages.

Q. What were your projections on the signup?

A. From the beginning, we have projected 23 million acres.

Q. Can this have an impact on farm prices soon enough to have any significant impact on farm income this year?

A. It already has. And I would expect our net farm income will improved this year over last.

Q. Will there be fewer foreclosures?

A. Yes. While no one can say how many fewer, the prospects now are better for rural America.

Q. How do you think the rest of the world will interpret PIK, especially when so many are having problems feeding their own people?

A. I don't feel there is going to be much criticism because the world knows there are ample stocks.

Q. Are there any indications that competing countries are increasing their acreage to make up the difference in our reduction and doesn't that negate part of the impact of this program?

A. I don't think other countries are increasing acreage as a result of PIK. They increased last year and the year before. For some, it's been a national policy to increase production.

When I talk to leaders from other countries, I tell them the United States now is doing something to reduce the exceedingly large crops of the past few years and I encourage them to do something about it in their own countries. To date, they have not been particularly receptive.

Q. What about the convervation consequences of this program?

A. More acres will be going into conservation uses, acres that are generally the most fragile. This will be most beneficial to the conservation effort in this country.

Q. When the U.S. grain team goes to the Soviet Union this week, will the members talk about a new long-term grain supply agreement?

A. I'm sure you all realize the objective of the consultation is not a long-term agreement. It is to consult on supplies and how much the Soviets want to buy from us and how much we have to sell.

Will a new long-term agreement come up in discussions? If it does, it'll be talked about, but not in any detail because the U.S. team has no authority to negotiate in detail. I assume that also would be the case with the Soviet delegation.

#

News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

KANSAS FIRM RECALLS 6,000 POUNDS OF SALAMI AFTER FINDING GLASS FRAGMENTS

WASHINGTON, March 18—OHSE Meat Products, Inc., Establishment No. 5539, Topeka, Kan., is voluntarily recalling about 6,000 pounds of salami because of glass fragments in the product, U.S. Department of Agriculture officials said today.

The firm is recalling sliced cooked salami marketed under the OHSE, County Fair, IGA and Sure Fresh brands with "sell by" dates of April 27 and April 28.

The salami has been distributed in Kansas, Missouri, Colorado, Texas, New Mexico and Oklahoma. It is sold in 6-ounce, 12-ounce and 3-pound packages—usually in the luncheon meat sections of grocery stores—and can be identified by the brand names and "sell by" dates.

"Anyone who has bought the suspect salami should return the product to the store," said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

"OHSE initiated a recall March 7 only for OHSE brand salami after the company received consumer complaints about glass fragments in that product," Houston said. "OHSE has now expanded the recall to include all four brands since the company could not rule out the possibility that contamination could have occurred in the other brands with the April 27 and 28 'sell by' dates."

No other OHSE, County Fair, IGA or Sure Fresh products and no other "sell by" dates are involved in the recall.

The Food Safety Inspection Service is the federal agency responsible for ensuring the safety and wholesomeness of meat and poultry products.

#

USDA REVISES GYPSY MOTH REGULATED AREAS

WASHINGTON, March 21—U.S. Department of Agriculture plant protection officials are revising the areas regulated for the tree-stripping gypsy moth, to keep it from moving to new areas of the country.

Gary Moorehead, a plant protection officer with USDA's Animal and Plant Health Inspection Service, said the revisions reflect changes in the spread and distribution of the gypsy moth during the 1982 summer season when gypsy moth caterpillars defoliated about 8 million acres, down from the 13 million acres stripped in 1981. The changes also reflect suppression efforts on infestations distant from the generally infested northeastern states.

Moorehead said gypsy moth regulations designate areas as "high risk" and "low risk." The level of risk reflects the moth population and the possibility of people carrying gypsy moth egg masses, caterpillars, pupae or adults to uninfested areas on certain products or articles.

Because egg masses have reached a level of 50 per acre, areas in Delaware, Maryland, New York and Pennsylvania that were low-risk areas have been redesignated as high-risk. Also, some low-risk areas in Maine, Michigan, Virginia and Washington have been expanded.

"Surveys have shown the gypsy moth has moved to some areas isolated from the general infestation, often on such items as outdoor household goods, recreational vehicles and mobile homes," Moorehead said. As a result, low-risk regulations are being imposed in areas of Califorina, Illinois, Maine, Michigan, North Carolina, Ohio, Oregon, Virginia, Washington and Wisconsin.

Because of cooperative suppression efforts, areas in Illinois, Michigan and Ohio are no longer under gypsy moth regulation. A part of Fulton County, Ark., has been moved from a high-risk to a low-risk area.

Under USDA rules, regulated articles may move freely between high-risk and low-risk areas, and, unless determined otherwise by an inspector, between low-risk and unregulated areas. However, regulated articles and products must be inspected, treated if necessary, and certified free of the pest if they are moved from high-risk to unregulated areas.

These changes in gypsy moth regulated areas will be effective on publication in Federal Register, now scheduled for March 21. Public

comments on the regulations may be submitted until May 20 to the Regulatory Coordination Staff, APHIS, USDA, Federal Building, 6505 Belcrest Road, Hyattsville, Md. 20782.

#

BLOCK SEEKS GOVERNORS' SUPPORT FOR AGRICULTURAL EDUCATION

WASHINGTON, March 21—Secretary of Agriculture John R. Block today asked all state governors to support a national project keyed to educating elementary and secondary school students about the role of agriculture in the national economy.

During a National Agriculture Day ceremony held at the U.S. Department of Agriculture, Block mailed a petition to the 50 governors explaining the educational project and asking the governors to endorse the project. The petition was already signed by seven former secretaries of agriculture.

"When I contacted the secretaries—Brannan, Benson, Freeman, Hardin, Butz, Knebel and Bergland—and sought their support, they gave it willingly," Block said. "This is one issue on which we are in complete accord—the cricital importance of educating our young people about the role of agriculture in the national economy."

Secretary of Education Terrel H. Bell joined Block in promoting support for the agricultural education project.

The project, known as "Agriculture in the Classroom," is a cooperative endeavor involving representatives of farm and agricultural organizations, educators, state departments of agriculture and education and USDA.

Guided by a 16-member national task force, "Agriculture in the Classroom" is already operating in 17 states.

As part of the afternoon ceremony, fourth-grade students from Point Pleasant Elementary School in Glen Burnie, Md., accompanied by their teacher Debbie Ray, gave a demonstration of their agricultural knowledge. Point Pleasant already has an agricultural education program in place, as do many elementary schools in the state.

#

KANSAS FIRM EXPANDS SALAMI RECALL BECAUSE OF GLASS FRAGMENTS

WASHINGTON, March 22—OHSE Meat Products Inc., Topeka, Kan., has expanded the salami recall it began last Friday to include three additional states and an additional brand name of sliced cooked salami because of the possibility of glass fragments in the product.

OHSE told the U.S. Department of Agriculture that 6-ounce OHSE brand sliced cooked salami has been distributed in Minnesota and Iowa and that 12-ounce and 3-pound OHSE salami was distributed in Arkansas. In addition, the firm markets its salami in the 6-ounce size under the Good Value brand in Missouri, said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

The salami can be identified by the OHSE and Good Value brands, the "sell by" dates of April 27 and April 28 and the establishment no. 5539, Houston said. It is usually sold in the luncheon meat sections of grocery stores.

Last Friday OHSE began a voluntary recall of 6,000 pounds of salami marketed under the OHSE, County Fair, IGA and Sure Fresh brands. That salami has been distributed in Kansas, Missouri, Colorado, Texas, New Mexico and Oklahoma. It is sold in 6-ounce, 12-ounce and 3-pound packages and can be identified by the brand names, "sell by" dates of April 27 and April 28 and establishment no. 5539.

"Anyone who has suspect salami should return it to the store where it was bought," Houston said. "The firm expanded the recall to the additional three states and additional brand after further investigation by the firm and USDA."

No other OHSE, County Fair, Good Value, IGA or Sure Fresh products and no other "sell by" dates are involved in the recall.

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USDA SOLICITS COMMENTS ON U.S. WHEAT STANDARDS

WASHINGTON, March 22—The U.S. Department of Agriculture is soliciting comments on U.S. wheat standards before May 20 to determine their effectiveness and responsiveness to the wheat industry's needs.

"Comments help USDA to study and evaluate present grading practices relating to the standards for wheat and to develop appropriate changes," said Kenneth A. Gilles, administrator of USDA's Federal Grain Inspection Service.

"We intend to do an extensive evaluation of several parts of the wheat standards," he said. Comments are requested on these issues:

— Revise the rule for rounding dockage; specifically, an approach which calls for rounding both up and down on the basis of 0.25 percent to a central point, instead of always disregarding up to 0.49 percent dockage;

— Delete the term "light garlicky" and define "garlicky" as wheat containing more than two green garlic bulblets in 1,000 grams;

— Tighten the allowable limits for castor beans in the numerical grades from two to one;

— Clarify test weight requirements for Mixed Wheat. When Hard Spring Wheat or Club Wheat predominate in a mixture, the test weight requirements or those wheats would apply;

— Delete the presence of an extreme amount of smut as a factor rendering wheat sample grade;

— List the components of subclass Western White Wheat in the order of predominance on the inspection certificate;

— Analyze the factors wheat of other classes, contrasting classes, and subclass on a work portion of wheat free from dockage and shrunken and broken kernels;

— Treat kernels of Soft Red Winter Wheat as a contrasting class when found in Hard Red Winter or Hard Red Spring Wheat. The reverse also would apply.

USDA conducts a review of wheat standards periodically. The review includes a determination of the continued need for the standards; the potential for clarifying or simplifying the language of the standards; changes in marketing practices and functions affecting the

standards; a review of changes in technology and economic conditions in the area affected by the standards; and a determination of the potential for improving the standards and their application through the incorporation of grading factors or tests which better indicate quality attributes.

The objective is to assure that the standards continue to serve the needs of the market to the greatest possible extent, Gilles said.

Comments should be sent in duplicate to Lewis Lebakken, Jr., Regulations and Directives Management, USDA/FGIS, Room 0667-S, Washington, D.C. 20250; telephone (202) 382-1738.

Copies of the dockage study are available by contacting N. Gail Jackson, director, Standardization Division, USDA, FGIS, Bldg. 221, Richards-Gebaur AFB, Grandview, Mo. 64030, telephone (816) 348-2086.

#

USDA TO DISTRIBUTE CORN MEAL, RICE AND NONFAT DRY MILK TO NEEDY

WASHINGTON, March 22—Corn meal, rice and nonfat dry milk will be provided to states for distribution to low-income persons by the U.S. Department of Agriculture at the direction of President Reagan, according to Secretary of Agriculture John R. Block.

Also, the distribution of surplus cheese, butter and nonfat dry milk will be continued.

Block said the commodities would be made available to states in the same manner as the surplus dairy products as quickly as the food can be processed into consumer-ready packages for household distribution. The states will provide the commodities to non-profit charitable institutions and food banks for distribution.

"We ask the public to keep in mind that surplus grain and dairy products owned by the Commodity Credit Corporation are not consumer ready," Block said. "The rice has to be milled, the corn has to be ground into meal and the nonfat dry milk has to be instantized. Then it all has to be put into suitable package sizes. This will cause a bit of lag time in distribution.

"We intend to design this program in such a manner to prevent displacement of normal commercial markets," Block said. "We do not want these donated foods going to people who would have been buying them anyway."

Block said the first shipments of these new commodities could be delivered to the states in May. Initially, USDA expects to provide approximately 2 million pounds of rice, 2 million pounds of corn meal and 12 million pounds of nonfat dry milk. Subsequent deliveries will depend upon the capacity of industry to process the commodities into a suitable form and in a manner that will prevent displacement of regular commercial sales of these products.

#

WIND DAMAGES IN GREAT PLAINS 30 PERCENT BELOW A YEAR AGO

WASHINGTON, March 21—Wind damaged 1,445,000 acres of land in the Great Plains during the first four months of the 1982-83 blowing season, a decrease of 30 percent from the same period a year earlier.

Peter C. Myers, chief of the U.S. Department of Agriculture's Soil Conservation Service, said light wind in the Great Plains region has kept damage low. However, he said, more than 12 million acres are in condition to blow, and much of this land could be damaged if the wind increases during the next two months.

The northern plains reported 63 percent of the damaged acreage. South Dakota accounted for 27 percent of all land damaged.

Lack of snow cover and low levels of protective residue were major factors.

Myers said the northern plains experienced an unsually warm, rainy winter with many freeze-thaw sequences. Protective soil clods were broken down, making the land vulernable to wind damage.

Ninety-seven percent of the land reported damaged during the first four months was cropland, 2 percent was rangeland and 1 percent was other land.

Soil Conservation Service specialists rate land as damaged if enough soil had been removed or deposited to subject the land to further erosion hazard or to impair its productive capacity.

Each year, the USDA agency compiles wind erosion reports covering seven months—November through May—using data supplied by 541 counties in the 10 Great Plains states.

Current wind erosion damages, compared with the same four months a year earlier, are:

State	Counties Reporting	Nov. 1982-Feb. 1983		Nov. 1981-Feb. 1982	
		Acres	*Hectares*	*Acres*	*Hectares*
Colorado	37	90,590	36,676	114,560	46,380
Kansas	105	51,400	20,809	206,330	85,533
Montana	40	147,340	59,651	425,315	172,190
Nebraska	21	64,848	26,254	95,889	38,821
New Mexico	19	21,650	8,765	27,900	11,295
North Dakota	53	282,535	114,385	103,360	41,846
Oklahoma	30	58,775	23,795	69,230	28,028
South Dakota	66	390,550	158,115	471,400	190,847
Texas	147	311,658	126,175	514,482	208,289
Wyoming	23	26,330	10,660	34,210	13,850
TOTAL	541	1,445,676	585,285	2,062,676	835,079

#

HIGH TECHNOLOGY SEEN PLAYING BIGGER ROLE ON THE FARM

WASHINGTON, March 22—Advances in agricultural research and technology will play an increasingly larger role in the life of farmers, a U. S. Department of Agriculture research official said today.

"American agriculture will become one of the large users of high technology in the years ahead," said Terry B. Kinney, Jr., administrator of USDA's Agricultural Research Service, as the nation continued to observe Agriculture Week to honor the country's farmers.

Kinney cited such technologies as genetic engineering, computer modeling, satellite forecasting and laser beams.

"All of these and future technological developments," he said, "will lead to payoffs to farmers by making agricultural production more economical and efficient."

One of the most important challenges facing agricultural research, said Kinney, is to help find solutions to the problems of soil erosion, water losses and competition for water use. One of the new technologies for erosion control, he said, involves laser-guided machinery for leveling large areas of cropland to minimize soil and water runoff.

He listed a few developments in soil and water research:

— Computer systems (1) help rangeland managers predict water runoff, soil erosion, yields and livestock production; (2) monitor and forecast the rate of soil erosion and the soil's ability to produce crops; (3) determine how slopes of a watershed will erode following stripmining by heavy equipment (4) help farmers select effective conservation tillage practices.

— Satellite data will lead to more accurate predictions of freezes and floods.

— Irrigation systems such as (1) cablegation, a new, energy-saving, automatic surface irrigation system can help growers who need a low-cost alternative to sprinkler systems; (2) a semi-automated pipe irrigation system can increase water application efficiency; (3) subsurface trickle irrigation already has yielded 13 to 31 tons more per acre of tomatoes than those irrigated by furrow systems.

— Experiments link removal of crop residues to reduction in corn and soybean yields.

Among studies aimed at improving the quality of crops and production efficiency are:

— Development of a nationwide computer network that will provide information exchange on germplasm for such crops as cotton, alfalfa, beans, fruits, nuts, forage grasses and legumes.

— Research in genetic engineering can (1) regenerate mutuant plants from tumor cells, which then can be regenerated into leaves and roots that carry the new gene; (2) recombinate DNA technology can alter the genetic material of wheat to enhance the quality and quantity of other crops as well; (3) increase soybean yields by improving nitrogen-fixing bacterial that extract nitrogen from the air for use by plants as fertilizer; (4) conduct experiments on newly discovered DNA plasmids in corn land sorghum that may lead to new disease resistance in improving these crops; (5) develop future diseaseresistant hybrids from two new corn breeding lines from Central American wild corn.

— Development of sex attractant phermones against important pests of cotton, tobacco, corn, and velvet and western beans.

— Chemical, cultural and crop rotation practices control wild oats in wheat, barley, sunflower, soybeans and other crops. This already has resulted in a $500 million annual increase in farm income.

In animal production, current studies include:

— Vaccine research seeks (1) a new combination vaccine that controls the more virulent strains of Marek's disease in chickens; (2) control of pseudorabies, a herpes disease that can cause 100 percent mortality in young swine, and parvovirus infection, which causes significant losses from reproductive failures; (3) an antibody that is an important first step to a vaccine against coccidoiosis, which costs the nation's poultry producers almost $300 million a year.

— A new synthetic control kills fire ants, a major pest of farm animals.

— Controls are sought for bluetongue disease, a serious viral infection of sheep, cattle, goats and wildlife.

— Research will improve dairy production efficiency by (1) development of a computerized dairy herd management system to diagnose mastitis, which causes about $2 billion in annual losses; (2) determining energy and feed requirements for crossbred cows based on genetic potential for mature size and milk production; (3) a cheese-yield-milk-pricing system that will allow dairy producers to improve the fat and protein content of milk to raise their earnings.

Studies in food processing and consumer services include:

— New cold treatment technology for citrus, strawberries and cherries to replace fumigation with ethylene dibromide on some

commodities. These measures can help assure continuation of the $200 million U.S. export market for these commodities in Japan.

— A rapid microwave treatment for producing salmonella-free foods in bagged corn-soy-milk blends.

— Development of standards and analytical methods to keep mold toxins out of cereal foods, milk and animal feeds.

— A new detection system for pest infestation of fruits, vegetables and meats in packages and travelers' baggage entering the United States.

Among current human nutrition studies are:

— Use of a new multi-element analyzer that can simultaneously analyze as many as 16 minerals and trace elements in one food sample.

— Experiments showing effects of fiber-rich diets on hormonal balance and as preventatives of bone disease.

— Procedures for determing vitamin K deficiency in the elderly.

— Research on the relationship between chromium deficiency and impaired glucose tolerance.

From these research projects, and many others, said Kinney, innovative and revolutionary new technologies will come to American farmers through USDA's Agricultural Research Service, the state Agricultural Experiment Stations, the the Cooperative Extension Services at state universities and USDA's Extension Service.

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SUGAR IMPORT FEE REMAINS AT ZERO

WASHINGTON, March 23—The import fee for raw sugar will remain at zero cents per pound and the fee for refined sugar will remain at 1 cent per pound during the April-June quarter, unchanged since last Oct. 1, Secretary of Agriculture John R. Block said today.

The U.S. Department of Agriculture is required to make a quarterly determination of sugar import fees under a presidential proclamation issued last May. The key factor in the fee determiniation is the domestic spot price, as reported by the Coffee, Sugar and Cocoa Exchange in New York, during a base period of 20 market days.

The base period average price is compared to the market stabilization price of 20.73 cents established under the sugar support program for the current crop year. If the average price is above the market stabilization price, the import fee is zero.

The average price during the Feb. 18-March 18 base period was 21.7625 cents per pound.

Block said U.S. sugar prices have been relatively stable since last summer, and that this market stability was the result of the border control measures instituted last May.

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FOOD AND NUTRITION SERVICE ADMINISTRATOR NAMED

WASHINGTON, March 22—Secretary of Agriculture John R. Block announced today he has named Robert E. Leard to be administrator of the U.S. Department of Agriculture's Food and Nutrition Service.

Leard has served as acting administrator since January and as associate administrator for the previous year.

"Mr. Leard has shown that he is both willing and quite capable of serving in this capacity," Block said. "I am confident that he will provide strong administrative leadership to the Food and Nutrition Service, one of USDA's largest agencies."

Leard completed graduate studies at the University of Southern California after his graduation from West Point. He succeeds Samuel J. Cornelius, who served as administrator until being named special assistant to Block in January.

USDA's Food and Nutrition Service administers the food stamp program and other nutrition assistance programs.

#

SMALL RISE PROJECTED IN 1983 RETAIL FOOD PRICES

WASHINGTON, March 23—Food prices in February rose 0.3 percent before seasonal adjustment, and were 2.0 percent above February a year ago, according to the monthly consumer price index released today by the U. S. Department of Labor.

According to Assistant Secretary of Agriculture William Lesher, prices for food bought in grocery stores rose 0.4 percent in February. The price levels for these foods were 0.8 percent above February 1982. Prices for food away from home rose 0.2 percent in February and were 4.6 percent above a year ago.

Most of the changes in food prices last month were due to seasonal price fluctuations. Prices for potatoes and tomatoes rose 1.9 and 11.9 percent respectively, but were offset by a 17.6 percent decrease in lettuce prices. Prices for eggs fell 2.1 percent as foreign and domestic demand remained weak.

"Large supplies of farm foods and the continuing decline in the general rate of inflation now indicate that food prices may average 2 to 4 percent higher this year than in 1982. Earlier assessments had indicated a rise of 3 to 6 percent. This would be the smallest increase in retail food prices in the last 15 years.

"Meat supplies, particularly pork, will be larger than earlier expected and lower energy costs will help hold down food marketing costs this year. The payment in kind program is expected to have only a minimal impact on food prices this year", Lesher added.

February Retail Food Prices, Percent Change for Selected Items

Items	January to February		February 1982 to February 1983
	Not seasonally adjusted	Seasonally adjusted	
	Percent change		
All food	0.3	0.0	2.0
Food away from home	0.2	0.0	4.6
Food at home	0.4	0.0	0.8
Meats	0.4	-0.1	5.0
Beef and veal	0.3	-0.7	0.3
Pork	0.6	0.9	14.5
Other meats	0.0	*	4.3
Poultry	1.4	*	-0.9
Eggs	-2.1	-2.1	-17.5
Fish and seafood	0.7	1.1	1.4
Dairy products	0.1	*	1.3
Fats and oils	-0.5	*	-1.0
Cereals and bakery prods.	0.3	*	2.8
Fruits and vegetables	0.7	-1.0	-7.8
Nonalcoholic beverages	0.3	-0.3	2.1
Sugar and sweets	-0.2	*	1.8
Other prepared foods	0.9	*	3.7

* A seasonally adjusted index is not available for these items.

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UNIVERSAL COTTON STANDARDS CONFERENCE TO BE HELD IN JUNE AT MEMPHIS

WASHINGTON, March 24—U.S. Department of Agriculture officials, representatives of the domestic cotton industry and delegates from 14 foreign signatory cotton associations will attend the 20th triennial Universal Cotton Standards conference in Memphis, Tenn., June 7-8.

Jesse F. Moore, cotton official with USDA's Agricultural Marketing Service, said the conference delegates will review and approve the current standards for use in 1983-84 and will consider proposals to adopt a "Strict Good Ordinary Spotted" physical standard and a "Strict Good Ordinary Light Spotted" descriptive standard.

USDA also will propose the adoption of a six-sample box as the standard size instead of the 12-sample box now in use.

"If these proposals are adopted, they would become effective July 1, 1984," Moore said.

The signatory delegates represent cotton associations in Belgium, England, Egypt, France, West Germany, India, Italy, Japan, The Netherlands, Poland and Spain. The U.S. delegates include USDA officials and representatives of various segments of the domestic cotton industry, Moore said.

Vern F. Highley, administrator of USDA's Agricultural Marketing Service, and Earl W. Sears, executive vice president of the National Cotton Council, will address the June 7 opening session of the conference.

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USDA IMPROVES ACCOUNTABILITY IN SCHOOL LUNCH PROGRAM

WASHINGTON, March 24—In an effort to ensure that federal school lunch benefits go only to those who are eligible, school districts will verify a sample of free and reduced-price meal applications beginning the next school year, Assistant Secretary of Agriculture Mary C. Jarratt said today.

The verification requirements are the result of the Omnibus Reconciliation Act of 1981, which allowed schools for the first time to routinely verify information on school meal applications. Congress passed the law because audits had shown that up to 28 percent of the students receiving free or reduced-price school lunches were incorrectly receiving benefits because of misstatements of income.

"We want to make sure that free and reduced-price lunch benefits are directed only to those children from families that qualify," Jarratt

said. "The rule will enhance the accountability of the lunch program and will reduce federal expenditures. Of course, no student who is entitled will be denied benefits."

School districts will verify income information on 3 percent or 3,000, whichever is less, of the approved application on file by Oct. 31 of each school year. Schools officials will have five months to confirm eligibility.

The rules affect the U.S. Department of Agriculture's national school lunch, school breakfast and special milk programs. The largest of these, the lunch program, currently serves 23 million children in 91,000 schools nationwide. Of the total, about 10 million children receive free lunches under the program and about 1.5 million get reduced price lunches.

The interim final rules on verification will be published in the Federal Register on March 25. Comments on the rules may be sent by May 24 to: Stanley C. Garnett, school programs division, Food and Nutrition Service, U.S. Department of Agriculture, Alexandria, Va., 22302.

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USDA REVISES PROCESSED PRODUCTS INSPECTION REGULATIONS

WASHINGTON, March 24—The U.S. Department of Agriculture has revised the regulations for inspection and certification of processed fruits, vegetables and related products to improve the effectiveness of the program.

Charles Brader, an official with USDA's Agricultural Marketing Service, said the revised regulations, which become effective April 23, will have no major effect on inspection costs or prices to consumers.

The Agricultural Marketing Service establishes grade standards and provides official grading for many processed food products. Use of the grading service is voluntary and paid for by the user.

To minimize costs for grading services incurred by applicants located considerable distances from central grading facilities, USDA trains and licenses local "samplers" who perform basic sampling procedures,

examine the condition of food containers and submit reports. Previously, licensed samplers were permitted to collect fees directly from applicants. Under the revised regulations, the direct collection system is eliminated and a billing procedure will be handled by a federal or state authority.

Tables establishing charges for micro, chemical and other specified analyses have been dropped from the regulations. The revision provides for these charges under the general fee schedule for inspection.

Brader said the fees for analytical testing are based on such factors as the length of time required to perform the tests and the cost of chemicals used. When these factors change, an adjustment is required in the charge to applicants. The revision eliminates the necessity of changing the regulations each time an adjustment is required, he said.

Fruit and vegetable processors who contract for USDA grading services may use various types of official grade and inspection marks on container labels. The action revises examples of approved identification marks to increase their use. Brader said the revised official marks should provide industry with greater flexibility in marketing and therefore increase consumer awareness.

The revisions also provide more flexibility in the type of official marks used for USDA programs such as the child nutrition label program. Use of the official marks provides the assurance to users that the products comply with program requirements, Brader said.

The regulations eliminate the descriptive grade names such as "fancy," "choice" and "standard" in favor of a single letter grade designation of "A," "B" or "C" within the official mark.

It is necessary for the grading service to review periodically samples of products purchased by the government for school lunch and other domestic feeding programs. The revision provides for the purchase of review samples acquired from industry and government sources to eliminate potential conflict of interest.

The revised regulations are scheduled to be published in the March 24 Federal Register, available at many public libraries.

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CANCER INHIBITOR FROM PLANT RESEMBLES ANTIBIOTICS PRODUCED BY SOIL BACTERIA

SEATTLE, March 24—Seeds of a poisonous plant, commonly called coffeebean or rattlebox, contain a potent cancer inhibitor that resembles some antibiotics produced by soil bacteria.

Richard G. Powell, a U.S. Department of Agriculture chemist, today told an American Chemical Society symposium here that the plant's "exceptionally potent" cancer inhibitor, sesbanimide, "bears an obvious structural relationship to antibiotics such as cycloheximide."

That structural link to antibiotics like cycloheximide, originating in soil bacteria, raises the question of whether a microorganism or a higher plant actually produces sesbanimide, Powell said at a symposium on potential drugs from natural resources.

"Further study may be necessary to clarify sesbanimide's origin," said Powell of USDA's Agricultural Research Service, Peoria, Ill. "We have no evidence now to support the view that it is of microbial origin."

Powell and a team of co-researchers at Cornell University and Purdue University found the cancer inhibitor in a poisonous weed that grows in seven southern and southeastern states.

Sesbanimide is expected to attract other researchers' attention, in part, because it has a "tricyclic structure that is unusual," Powell said.

"The structure of many compounds includes three rings of atoms," he said, "but it is highly unusual to have three rings linked by single bonds." One of the rings in sesbanimide is identical to a ring in cycloheximide and other antibiotics such as streptimidone and streptovitacin.

Sesbanimide was isolated from seed extracts, its structure determined and its antitumor activity demonstrated by Powell, Cecil R. Smith, Jr., and David Weisleder of USDA's Northern Regional Research Center, Peoria, Ill.; Gayle Matsumoto and Jon Clardy of Cornell and John Kozlowski of Purdue.

In National Cancer Institute assays, sesbanimide demonstrated antitumor activity "at exceptionally low dose levels" in mice with leukemia, Powell said.

Mice that received .0l milligram of sesbanimide per kilogram of body weight survived leukemia 1.71 times as long as mice that received none. In other words, each treated mouse weighed a hundred million

times as much as each dose is received. Sesbanimide also demonstrated toxicity to cells of human malignant tumor growing in cell cultures in the Cancer Institute assays.

Powell isolated about 0.0005 pound of sesbanimide, as a white solid, starting with about 1,000 pounds of Sesbania drummondii seed (0.00005 percent yield of sesbanimide from 454 kilograms of seed).

Powell and other researchers at the northern center began work to isolate the active compound after finding antitumor activity in extracts from seed of three Sesbania species more than six years ago. By 1981, they isolated and described the structure of two inactive compounds, drummondol and sesbanine.

The present team separated sesbanimide from sesbanine by what Powell calls a "complex scheme of successive chromatographic methods" and determined the structure by X-ray crystallography and nuclear magnetic resonance spectrometry.

The Sesbanias, also scientifically called Daubentonia and Glottidium, are very poisonous to livestock, especially sheep. The USDA Agriculture Handbook, "Selected Weeds of the United States," says Sesbania species are perennial, herbaceous shrubs or small trees. They are legumes. Nitrogen-fixing bacteria live in nodules on their roots.

These poisonous plants grow in sandy soils of waste places, along roads, and in fencerows on the coasts from North Caroline, through Florida and Texas to Mexico.

USDA's research on sesbanimide is the latest in cancer inhibiting studies to be reported by a group of Agricultural Research Service chemists at the northern center that looks for useful compounds in plants. They have found more than 10 pest control agents or cancer inhibitors in 1,200 to 1,300 analyses of plant seeds.

Among cancer inhibitors the northern center chemists reported earlier are harringtonines from a plumyew tree that grows in China, Trewia compounds from the false white teak, an Indian tree, and cephalomannine, from a coniferous tree, Taxus. Homoharringtonine is in clinical trials under the direction of the National Cancer Institute.

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Backgrounders

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Blended Credit

The Purpose—A program of blended credit for financing of U.S. agricultural export sales was developed primarily to penetrate markets in developing countries, which as a group, were a leading growth market until the credit crunch sharply reduced their ability to buy.

The objective was to generate immediate sales that would not otherwise have been made, and for the longer term, to lay the groundwork for continuing U.S. sales when economic conditions improve.

The Program—The blended credit program uses two existing programs -Commodity Credit Corporation GSM-5 direct credit and GSM-102 commercial export credit guarantees. Direct credit, offered interest free, is combined with credit guarantees into a single package to produce an interest rate competitive with those offered by other suppliers.

The Results—The program was announced last Oct. 20 at $1.5 billion over three years. One-hundred million dollars in direct, interest-free CCC credit was to be blended with $400 million in credit guarantees during fiscal 1983, with like amounts scheduled for each of the next two fiscal years.

By year's end, the entire $500 million had been allocated to finance exports of more than 2.5 million tons of U.S. wheat, corn, vegetable oil, soy meal and cotton.

President Reagan followed this up Jan. 11 by allocating $250 million more in interest-free credit to finance at least $1.25 billion in addition blended credit export sales during fiscal 1983.

Two months later, credits under the new program had been approved for five countries for the sale of grain, rice, eggs, oilseeds and other commodities, and the number of applications ensured that the entire authorization will be used.

The $500 million of blended credit was allocated to eight countries. These included Morocco, where, with blended credit and straight credit guarantees, the U.S. will supply virtually all of the almost 2-million-ton

wheat market and much of Morocco's rice import needs this year of 20,000 tons.

Elsewhere, to cite a few examples, blended credit will permit Pakistan to increase its imports of U.S. vegetable oil, it opened the door for the U.S. in the new and growing Philippines market for soybean meal, and it cleared the way for the first substantial sale of U.S. wheat to Yemen in several years.

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Agricultural Credit and the Farmers Home Administration

The Farmers Home Administration, lending agency of the U.S. Department of Agriculture, is a lender of last resort. The agency does not lend to any farmer who can get a loan on reasonable terms from a bank or other lending institution. As a result, FmHA makes loans to high risk farmers, those who have been turned down by others. The 270,000 FmHA farm borrowers account for only 12 percent of all farm credit in the country. Loans are repaid, with interest, to the U.S. Government.

The vast majority of farm loans (88 percent) come from non-government sources, including commercial banks and the Farm Credit System, which is made up of three private borrower-owned lending institutions—the Production Credit Associations, the Federal Land Banks and the Bank of Cooperatives.

Despite hard economic times and dire predictions of massive foreclosures, the Farmers Home Administration was able to stay with over 97 percent of its farm borrowers in fiscal year 1982.

Through its regular loan programs, FmHA enabled nearly 100,000 farmers to stay in business in FY 1982. In addition, another 42,000 borrowers still are in business because FmHA went the extra mile in working out deferral, rescheduling and subordination agreements. The agency deferred principal and/or interest payments for 3,600 farmers and rescheduled or reamortized loans for 12,000 borrowers. FmHA also subordinated its security for nearly 30,000 borrowers to enable them to obtain loans from private lenders. In addition to these servicing actions, 25 percent of the 270,000 FmHA borrowers were being carried as delinquent at the end of the year.

Foreclosure was completed in 844 (3/10ths of 1 percent) out of a total of 270,000 borrowers. Six thousand (1.4 percent) liquidated their loans and 1,245 (4/10ths of 1 percent) chose bankruptcy because of financial pressures. In a large number of these cases, the decision to leave the land for financial reasons was not related to Farmers Home. For the first three months of fiscal 1983, a total of 1,554 out of 268,341 FmHA farm borrowers failed (212 foreclosures, 324 bankruptcies, 1,018 liquidations). On an annual rate, this is 25 percent fewer than the 7,997 who left farming in fiscal 1982.

FmHA will continue its lenient loan policy in 1983. The agency will assist farmers, on a case-by-case basis, even if they are behind in payments (due to circumstances beyond their control) if they have kept their agreements with FmHA, are using acceptable management practices and have properly maintained secured chattel and real estate. FmHA expects to stay with almost all of its seriously delinquent borrowers if they can show that any new loan, plus interest, can be repaid out of the current year's receipts.

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